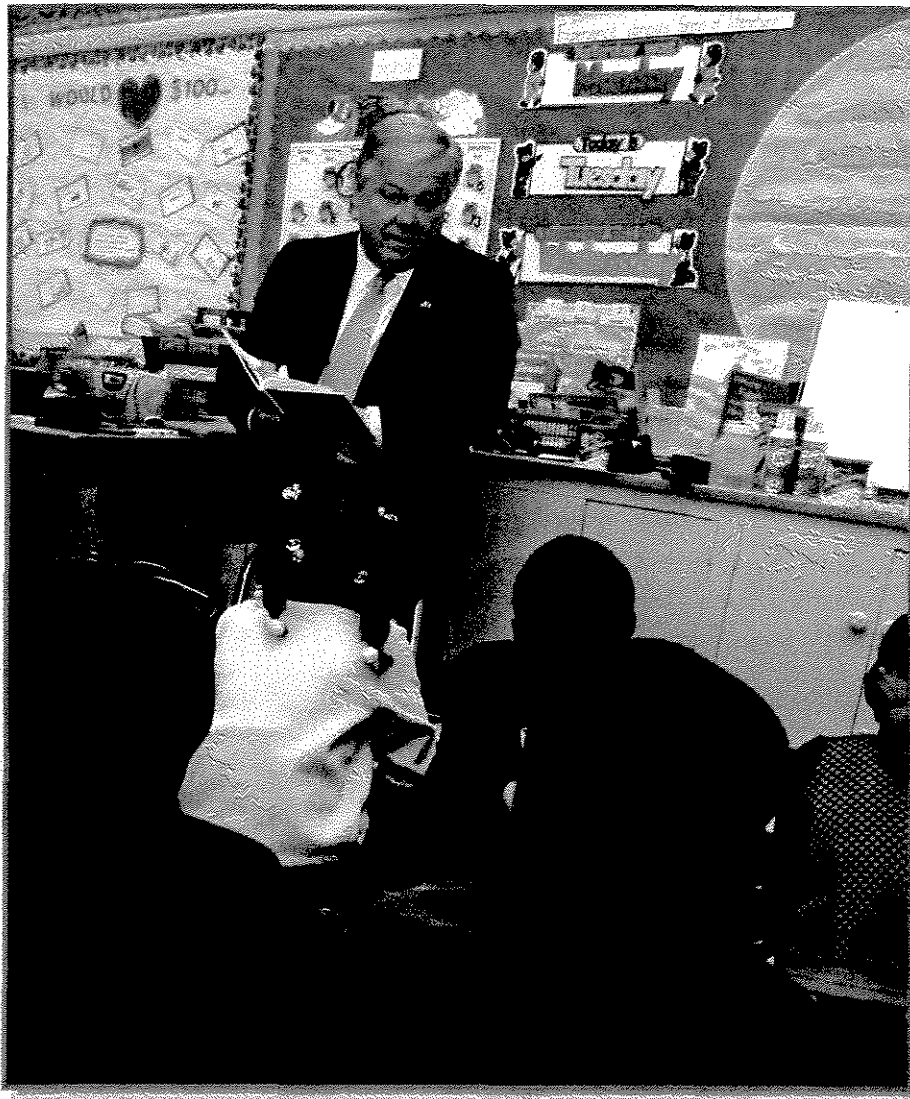


Executive Budget Recommendation Fiscal Year 2008



"Despite bearing the brunt of the worst natural disaster in American history, we have dug out of a \$720 million budget hole; provided the largest four-year increase ever for K-12 education, increased funding for community colleges and universities, and balanced the budget - all without raising anybody's taxes."

EXHIBIT

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HALEY BARBOUR
GOVERNOR



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HALEY BARBOUR
GOVERNOR

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

November 14, 2006

To the Members of the Legislature:

In accordance with Mississippi Code 27-103-139, I transmit to you my balanced budget recommendation for Fiscal Year 2008.

When you and I took office less than three years ago in the middle of Fiscal Year 2004, our state was mired in a \$720 million budget hole. In the two previous years, the statutory requirement to set aside 2% of General Fund revenue had been waived and the rainy day fund had been depleted. The State Economist had reported that even though the national economy had rebounded two years earlier, Mississippi's economy had not. Therefore, there was little hope of new state revenue as a result of economic growth. In the two previous years, the state budget relied upon extensive use of one-time monies to fund recurring expenses and before we could begin our work on the Fiscal Year 2005 budget, we had to deal with more than \$250 million of preplanned deficits for Fiscal Year 2004. The budget hole of one-time money and preplanned deficits, combined with commitments of the previous years, created a situation in which there was not enough current revenue to fund the programs of state government in their existing fashion.

Some thought the solution to this budget hole was to raise taxes. I am pleased we did not take that route. Higher taxes would have damaged our efforts to create jobs. In addition, higher taxes would have merely put a band-aid on the structural problem of unsustainable growth in state government spending. Raising taxes is the enemy of controlling spending, and we had to control spending to get our budget back in line.

Less than three years later, despite bearing the brunt of the worst natural disaster in our American history, we have dug out of our \$720 million budget hole without raising anybody's taxes. We did it by controlling spending, reforming government, and creating more and higher paying jobs resulting in more taxpayers and more taxable income.

After suffering a net loss of more than 38,000 jobs in the four years before we took office, and despite the loss of 70,000 jobs because of Hurricane Katrina, there are some 25,000 more people working in Mississippi than when we took office. Mississippians are also earning more money as personal income increased nearly 11% in 2004-2005. These improvements have increased state tax revenue. In our first budget year, state revenue grew 4%. After adjusting for various changes in state law, state revenue grew nearly 8% in Fiscal Year 2005 and 9% in Fiscal Year 2006.

While revenue was increasing, we controlled state spending by setting priorities and reforming government. In Fiscal Year 2006, revenue went up 9% but state spending increased less than 1%. In Fiscal Year 2006, Medicaid spent 7.6% less than in the previous year, with much of the savings resulting from reforms to the pharmaceutical

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program and by requiring individuals to re-establish their eligibility each year through a face-to-face interview. By right-sizing the Department of Corrections and better utilizing private prisons and county owned regional jails, state taxpayers saved millions of dollars.

Because we made such good strides in getting our budget under control, we were in a better position to respond financially to the recovery and renewal needs caused by Hurricane Katrina. When the Bush Administration and Congress made \$368 million available to us for Medicaid expenses, instead of having to use these funds to dig out of a state budget hole, we were able to set aside \$268 million into a Hurricane Disaster Reserve Fund to pay for the state's share of removing debris, rebuilding public infrastructure, schools, and individual assistance. To date, Mississippi has paid more than \$100 million in state match funds to the federal government for Katrina expenses. In addition, the state has provided approximately \$18 million of direct grants to cash-strapped Gulf Coast local governments so they could maintain essential services such as fire and police protection.

We must continue to work together to keep Mississippi on the path toward more and better jobs, improved schools, safer communities, a healthier Mississippi, and stronger families, while rebuilding South Mississippi.

SUMMARY OF THE FISCAL YEAR 2008 EXECUTIVE BUDGET RECOMMENDATION

Direct appropriated support for state government operations now comes from four primary sources: the general fund, the budget contingency fund, the health care trust fund¹, and the education enhancement fund². These four funds combine to finance the entities of state government which in the past relied almost solely on the general fund. Thus, these state agencies are referred to as "general fund agencies." Other agencies of state government, so-called "special fund agencies," receive support solely from federal funds and/or state taxes or fees earmarked for a specific purpose or that agency.

The Fiscal Year 2008 Executive Budget Recommendation provides \$5,490,758,138 for General Fund agencies, an increase of \$380,971,058 over Fiscal Year 2007, or 7.5%.

The Fiscal Year 2008 Executive Budget Recommendation:

1. Does not raise taxes.

Our common goal should be to create more and better jobs. Raising taxes is an impediment to job creation. Taxes are a cost. If Mississippi's businesses have higher costs, they will be less able to compete with the rest of the world, and Mississippians will

¹ The Health Care Trust Fund is more commonly known as the tobacco trust fund. While money is actually appropriated out of the Health Care Expendable Fund, it is derived from the Health Care Trust Fund.

² 9.073% of every state sales and use tax dollar is diverted to the Education Enhancement Fund for K-12 and higher education expenses.

have fewer jobs. Raising taxes as our people are trying to rebuild their homes, businesses, and lives would be a hindrance to their well-being and to a continued economic revival. This budget contains no tax increases.

2. Restores the necessary financial fundamentals in our budget process by setting aside 2% of projected available general funds as required by law and not using or diverting any money from the rainy day fund.

As we are all aware, the post Katrina building surge will subside, and it is imperative that we have ample resources in the rainy day fund (officially known as the "Working Cash Stabilization Fund") for that eventuality. This is especially true as the national economy is softening. This Fiscal Year 08 balanced budget will put our state on solid financial footing with a growing rainy day fund just three years after being in a \$720 million budget hole. It is crucial we strengthen the rainy day fund, so we are not forced to relive the difficult budget decisions of recent years.

When Governor Fordice left office, we had \$233 million in our rainy day fund. By the time we took office, it was down to \$22 million. Under this budget, we will have more than \$220 million in our rainy day fund at the end of Fiscal Year 2007 and we will add more than \$100 million to our reserves in Fiscal Year 2008 by setting aside 2% of available General Funds.

3. Sets an honest budget, with no preplanned deficits and no raids on special fund agencies to fund recurring expenses.

When we took office less than three years ago, we were staring at more than \$250 million of deficits for Fiscal Year 2004 before we could begin work on Fiscal Year 2005. Working together, we have stopped the practice of deliberate under-funding of expenses we know we will incur in programs such as Medicaid, Corrections, and Debt Service. Last year, we stopped the raid on one-time money for recurring expenses taken from the cash balances of special fund agencies.

We must continue these good budget practices. We should also provide the necessary management tools to state agency executive directors by establishing lump sum budgets as the standard for all agencies, allowing agency heads the maximum flexibility to move funds between budgets and major objects of expenditure.

4. Maintains our commitment to education at all levels.

During our Administration, we have set education as our top priority. This school year, teachers are making an average of 30% more than they were six years ago, after two consecutive 8% increases in teacher pay during my Administration. This school year, spending in our public schools from federal, state, and local sources is estimated to be between \$7,600 and \$7,800 per student. Since I have been Governor, state support for our K-12 school districts through the Mississippi Adequate Education Program has increased \$323 million or 19%, while we have enacted reforms so we can get better

results for the money we spend. This budget provides another \$159 million increase in funding for our K-12 public schools, including an additional 3% pay raise for teachers.

In addition to the more than \$159 million increase I propose for K-12, my budget includes \$5 million for early childhood development initiatives to help our kids be ready to learn when they begin school. Since 80% of our four year olds are already being served by child care centers, Head Start, or pre-kindergarten, we should improve the infrastructure which is already in place by including more educational content.

We have begun to embrace lifelong learning in Mississippi. During the Musgrove Administration, the budget for community colleges was cut \$32 million (16%) and the budget for universities was cut \$45 million (7%). Since I have been Governor, support for Community Colleges has increased 12%, and when our doubling of state support for workforce training is included, the combined increase is 39%. Support for universities has increased more than 15%. This budget provides an additional \$96.9 million for higher education above Fiscal Year 2007.

5. Gives state employees a pay raise and pays for 100% of the increased state employee health insurance and retirement costs.

The 2006 Legislature authorized a \$1,500 pay raise or the salary realignment recommendations of the State Personnel Board for all state employees under the purview of the State Personnel Board. Fifty percent of this pay raise went into effect July 1, 2006, with the remainder to be implemented January 1, 2007. As a result, the Fiscal Year 08 budget must contain a \$13.3 million increase to pay for the full one-year cost of this pay raise.

In addition to the \$13.3 million for the built-in costs of the 2006 state employee pay raise, my budget contains \$25.2 million to provide all state employees under the purview of the State Personnel Board with 100% of the realignment recommendations or \$1,000, whichever is greater.

The State Employee Health Insurance Management Board has recommended a premium increase of 5%, which is an additional cost of \$17.7 million for state taxpayers out of the general fund.

The Public Employee Retirement System Board has recommended an employer rate of 11.85% for Fiscal Year 08, an increase of .55%, causing an additional cost of \$19.2 million for state taxpayers out of the general fund.

Under my budget, state employees will receive an additional \$75.4 million of support from the General Fund through the previously authorized built-in pay raises, new state employee pay raises, increased health insurance premiums and increased retirement contributions by state agencies.

6. Protects access to health care by providing a rainy day fund for Medicaid while transitioning to a new hospital financing system.

The Bush Administration recently awarded an additional \$149 million of Medicaid funds to the State of Mississippi. This is in addition to the \$368 million we received last spring. I recommend the Division of Medicaid's budget not be reduced to compensate for this additional federal money as it was in Fiscal Year 07. This additional federal money provides an opportunity to ease the burden on state taxpayers as we transition into a new system of financing the Medicaid hospital program, as required by the federal government. I recommend \$45 million of these funds be used in Fiscal Year 07 to replace half of the \$90 million which had previously been supplied by public hospitals each year. Another \$45 million should be used in Fiscal Year 08. Both public and private hospitals will contribute the remaining \$45 million each year via the adjusted gross revenue assessment, which is 50% of what the public hospitals alone have contributed in past years through the Disproportionate Share Hospital (DSH) intergovernmental transfer.

Using \$90 million of the \$149 million in this fashion will leave \$59 million in Medicaid's coffers to be used as a rainy day fund to protect against the possibility of a harsh budget impact if additional federal reimbursement changes materialize and to improve the provider reimbursement systems by having enhanced cash flow capabilities.

7. Funds a constitutional and comprehensive approach for anti-tobacco and anti-drug efforts.

This budget uses the \$20 million which previously had been unconstitutionally diverted away from the state treasury to fund my "Healthy Kids" initiative. This program doubles the number of tobacco school nurses in our schools (\$5.1 million); sets aside nearly \$5 million for anti-tobacco advertising; dedicates \$5 million to the University of Mississippi Medical Center Cancer Institute; and dramatically increases the number of state narcotic agents (\$5 million) to fight the scourge of illegal drugs.

ADDITIONAL INFORMATION FOR BUDGET CATEGORIES

K-12 Education

A \$250 million increase in General Fund revenue would make you feel optimistic about our budget...until you remember the State Board of Education has asked for the first \$360 million of that \$250 million increase. The universities have asked for a \$250 million increase. The community colleges are asking for a \$145 million increase.

Combined, K-12 and higher education are requesting \$755 million in increased spending for Fiscal Year 08, while revenue is going up only \$250 million. Obviously, we have to make some choices.

Of the State Board of Education's request, \$158 million is to "fully fund" the MAEP formula. A \$158 million increase would be 63% of the entire projected general fund revenue growth – revenue growth that also has to cover public safety, health care, and higher education needs.

My budget recommendation increases funding for K-12 public schools by more than the \$158 million the State Board of Education has requested for the MAEP formula. But I think it would be a mistake for all of that increase to go to the MAEP formula. I do not believe that would be the most effective way to use an additional \$158 million to improve our public schools.

With the increase I am proposing for our K-12 public schools, state support for K-12 will have increased by more than \$480 million during my Administration, the largest increase in state spending for our K-12 public schools during any four year term of any Mississippi Governor.

Last year, Representative Cecil Brown and Senator Mike Chaney developed a plan to phase in full-funding of the MAEP formula over four years. My budget follows that bipartisan plan, which was overwhelmingly adopted by the Legislature and signed into law this spring. The plan increases direct support for the school districts through MAEP by \$65 million.

By following this bipartisan phase-in plan, which I do, we can afford to give our public school teachers a 3% teacher pay raise. With this pay raise, the average salary for a public school teacher will approach \$43,000.

In addition to this \$65 million increase in direct support through MAEP and a 3% teacher pay raise, my budget pays for 100% of the increased costs for health insurance premiums and retirement plan contributions for teachers and other school district employees – an increased cost to state taxpayers of approximately \$20 million.

As I have done every year since becoming Governor, I support funding of the high-growth formula to help those school districts which are growing at an exceptionally fast rate. My budget includes the \$19 million that is needed to fund the high growth school districts.

My budget supports our classroom teachers by more than doubling the amount of funding for classroom supplies, funding the full request for the National Board Certified Teacher program, and setting aside \$2 million to pay more experienced middle school teachers to serve as mentors to new teachers.

If we improve the health of our school children by keeping them physically active, they will be more ready to learn and less likely to cause discipline problems. My budget includes \$2 million to provide the training support to teachers so every elementary student can have 30 minutes of physical activity every day.

To help address our state's unacceptably high dropout rate, I have included the funding State Superintendent Hank Bounds requests for his plan to redesign our high schools, plus an additional \$1 million for enhancement of the Mississippi Virtual School. The budget also contains an extra \$500,000 for the Jobs for Mississippi Graduates program to pilot its successful program in 10 middle schools.

This budget also includes \$3 million to dramatically expand the state's efforts in identifying and educating children with dyslexia. Through the use of screening assessments in grades K-3, professional development for teachers and administrators regarding the identification and education of kids with dyslexia, and by implementing new approaches to teaching reading, more kids will get a better start in their educational careers. Learning to read by the 3rd grade is an essential ingredient to future success in school. Unfortunately, dyslexia can be an unidentified and untreated barrier in children's efforts in learning to read.

In addition to the more than \$158 million increase I am proposing for K-12, my budget includes \$5 million for early childhood development initiatives to help our kids be ready to learn when they begin school. Since 80% of our four year olds are already being served by child care centers, Head Start, or pre-kindergarten, we should improve the infrastructure which is already in place by including more educational content.

If the Legislature accepts my budget, state funding for K-12 will have gone up more than \$480 million in four years, the largest increase in any Governor's four year term ever in Mississippi history.

The steps we have taken in the last three years and the steps we will take in the upcoming legislative session will improve the results we get in the classroom for years to come. After all, that is how any politician's commitment to education should be judged, not by the amount of money he's willing to spend. Even though under my Administration K-12 spending will increase at a record rate, the test is what are the results that a politician demands and gets for our children.

Universities

The Fiscal Year 2008 Executive Budget Recommendation includes \$755,171,461 for universities. This is a \$73.6 million increase over Fiscal Year 07, or 10.74%. Under this budget, universities will have received an increase of \$166 million since we came into office in Fiscal Year 04, an increase of 28.3%.

This budget funds the entire request for student financial aid, meets the requirements of the Ayers case as delineated in the settlement agreement, and substantially increases support for the agriculture units at Mississippi State and Alcorn State. It includes \$4.8 million to pay 100% of the increased cost of the employer contribution for the retirement system, and \$3.6 million is included to pay 100% of the increased cost to the employer for state employee health insurance.

My budget provides the leaders of our university system with the flexibility to decide what faculty pay raises are warranted and in what amounts, within the additional funds provided. Our university presidents know the needs far better than the Legislature or me.

University Medical Center

My budget increases funding for the University Medical Center by \$25.4 million, or 13.9% over the Fiscal Year 07 level of funding, plus the increased costs of state employee health insurance and retirement.

By increasing the class size in our medical school from 100 to 150 and by increasing the number of residents at UMC from 390 to 490 over the next five years, we can move Mississippi from the bottom third in the nation in physicians per capita to the middle third. Included in my budget is \$4.4 million for the University of Mississippi Medical Center for this initiative.

\$5 million is included for the development and operation of the University Medical Center Cancer Institute, as proposed in my "Healthy Kids" initiative.

In addition, there is \$5 million to help compensate the Medical Center for the high cost of trauma care at our state's only Level 1 trauma facility.

This budget contains an increase of \$10,967,302 over the Fiscal Year 07 level of funding for the core operations of the Medical Center.

Moreover, enactment of my proposal to reform the DSH finance structure under Medicaid will provide approximately \$25 million more for the University Medical Center.

Community Colleges

My budget provides \$221,029,260 for the community college system, in addition to the more than \$30 million of workforce training dollars derived from the Workforce Training Enhancement Fund. This is a \$23,341,303 increase over FY 07, or 11.8%.

Since Fiscal Year 04, when we took office, community colleges will have received an increase of \$48 million (27.8%) in addition to a doubling of their workforce training budgets.

Public Safety

My budget funds a highway patrol training school for the third consecutive year. By adding 50 new trained and equipped highway patrol to our force, our state will be safer.

There is no greater health threat to Mississippi's children than illegal narcotics and drug crime. An additional \$5 million for the Bureau of Narcotics will increase the state's support for the fight against drugs and provide 50% more narcotics agents to investigate and arrest the drug dealers who prey on our children.

Protecting Our Most Vulnerable Children

In the 2006 session, we worked with the Legislature to enact significant reforms to our state's foster care system, as recommended by the Executive Director of the Department of Human Services. We increased the number of direct service workers and provided a needed pay raise for these essential state employees.

This year, my budget includes an increase of \$16.5 million for the Division of Family and Children Services within the Department of Human Services to hire 108 additional direct service workers and provide increased financial support to families who provide homes to children in our foster care system.

Promoting Job Creation through Technology Commercialization

Mississippi's long term economic development task force, Momentum Mississippi, has determined that a lack of access to capital is stifling economic growth from the commercialization of new technologies. I have included in my budget Momentum Mississippi's recommendation for a new \$4 million fund within the Mississippi Development Authority to be administered in conjunction with the Mississippi Technology Alliance. The goal of the fund is to stimulate collaborative research partnerships between Mississippi's existing industry sectors with our Institutions of Higher Learning; to accelerate the rate of new technology-based business formation with an emphasis of commercializing technologies generated by our research institutions; and to stimulate technology-based innovation in our rural areas.

Our universities are economic gold mines. This initiative will help us do a better job of mining them.

Developing a National Civil Rights Museum

I have appointed leaders from throughout the state to the newly created Governor's Commission to Establish a National Civil Rights Museum in Mississippi for the purpose of creating a world-class museum that will do justice to Mississippi's historic role in the civil rights movement.

There is enormous interest in the history of the civil rights movement, and I am convinced visitors will come from all over the country - indeed, from all over the world - to experience the historical essence that the museum can and must capture.

The commission, which is working in tandem with the Legislature's task force, consists of three working groups for research, planning and implementation in the

following areas: finance, location, and presentation. Commission members will complete an interim report by December 2006.

For this effort to succeed, it will need the leadership and financial support of the private sector. However, government does have a role. To that end, my budget includes \$500,000 for the Department of Archives and History for planning costs associated with the development of this museum.

Homestead Exemption Reimbursement

Every year since I have been Governor, my budget has included the full recommendation of the Mississippi Tax Commission in fulfilling this local assistance obligation. Under-funding homestead exemption reimbursement unfairly impacts cities, counties and school districts and will lead to increased taxes at the local level. My budget includes \$84 million for homestead exemption reimbursement.

Access to Affordable Insurance

The wind pool – officially known as the Mississippi Windstorm Underwriting Association – is an insurer of last resort for homes and businesses in Harrison, Hancock, Jackson, Stone, George and Pearl River counties. It is funded through customer premiums and assessments from every insurance company in Mississippi.

As a result of Hurricane Katrina, 16,000 policyholders in the wind pool, almost all of whom have already incurred devastating personal losses, faced the prospect of huge increases in their annual premiums for wind and hail insurance. In June, I worked with Insurance Commissioner George Dale and set aside \$50 million of federal Community Development Block Grant funds to help mitigate the impact of 400% rate increases on homeowners in the lower six counties. Such increases – resulting from a spike in wind risk reinsurance rates for high risk properties on the Coast – would have been economically debilitating. As a result of this financial support, Commissioner Dale reduced the rate increase for homeowners from 400% to 90%.

The availability of insurance both along the Coast and statewide is integral to our state's recovery from Hurricane Katrina and to our state's economy. Insurance premiums are rising statewide as a result of the potential for wind pool assessments. The total insured value of the wind pool is now more than \$4 billion (and still rising), whereas in August 2005, it was just \$1.8 billion. Reinsurance premiums for the wind pool have increased substantially as a result of the rise in value of the wind pool and changes in the reinsurance market. Legislative proposals regarding the wind pool's current rate structure must be coupled with long term solutions that will encourage insurance companies to continue to write policies in the state, both on the Coast and elsewhere. We must find answers that will encourage insurance companies to write wind policies on the Coast and will help depopulate the wind pool. The availability and affordability of insurance between the Tennessee line and the Coast depend upon finding a long term solution to this significant problem.

To help mitigate against the short term impacts of the 268% commercial rate increase, I am working with the U.S. Department of Housing and Urban Development to provide additional assistance to the wind pool through CDBG funds. However, without structural reforms, these subsidies will make the long term challenge more difficult statewide.

State Aid Bridge Program

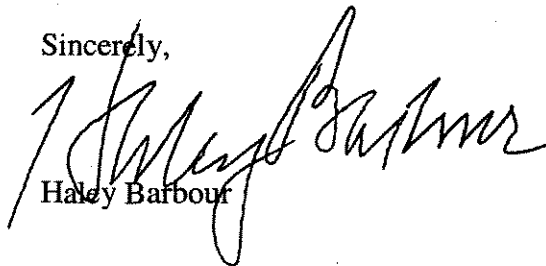
I support providing \$20 million to the State Aid Bridge Program in Fiscal Year 2008. Under this budget, these funds will be derived from the sale of long-term debt to make these long-term infrastructure improvements. However, it is my preference that this program be funded through annual appropriations instead of by issuing bonds. If increased revenue is made available through higher than anticipated economic growth, I will support using those funds to pay for the bridge program.

Conclusion

Despite bearing the brunt of the worst natural disaster in American history, we have dug out of a \$720 million budget hole, and this budget provides the largest four-year increase ever for K-12 education, increases funding for community colleges and universities, and balances the budget - all without raising anybody's taxes. This budget fully dedicates the 2% set aside and the rainy day fund to rebuild our reserves to more than \$300 million by the end of Fiscal Year 2008. These reserves will protect our state finances when the post-Katrina building surge subsides.

Working together, we can enact a fiscally responsible budget which will enable Mississippi to take advantage of future opportunities and to seize Mississippi's Moment.

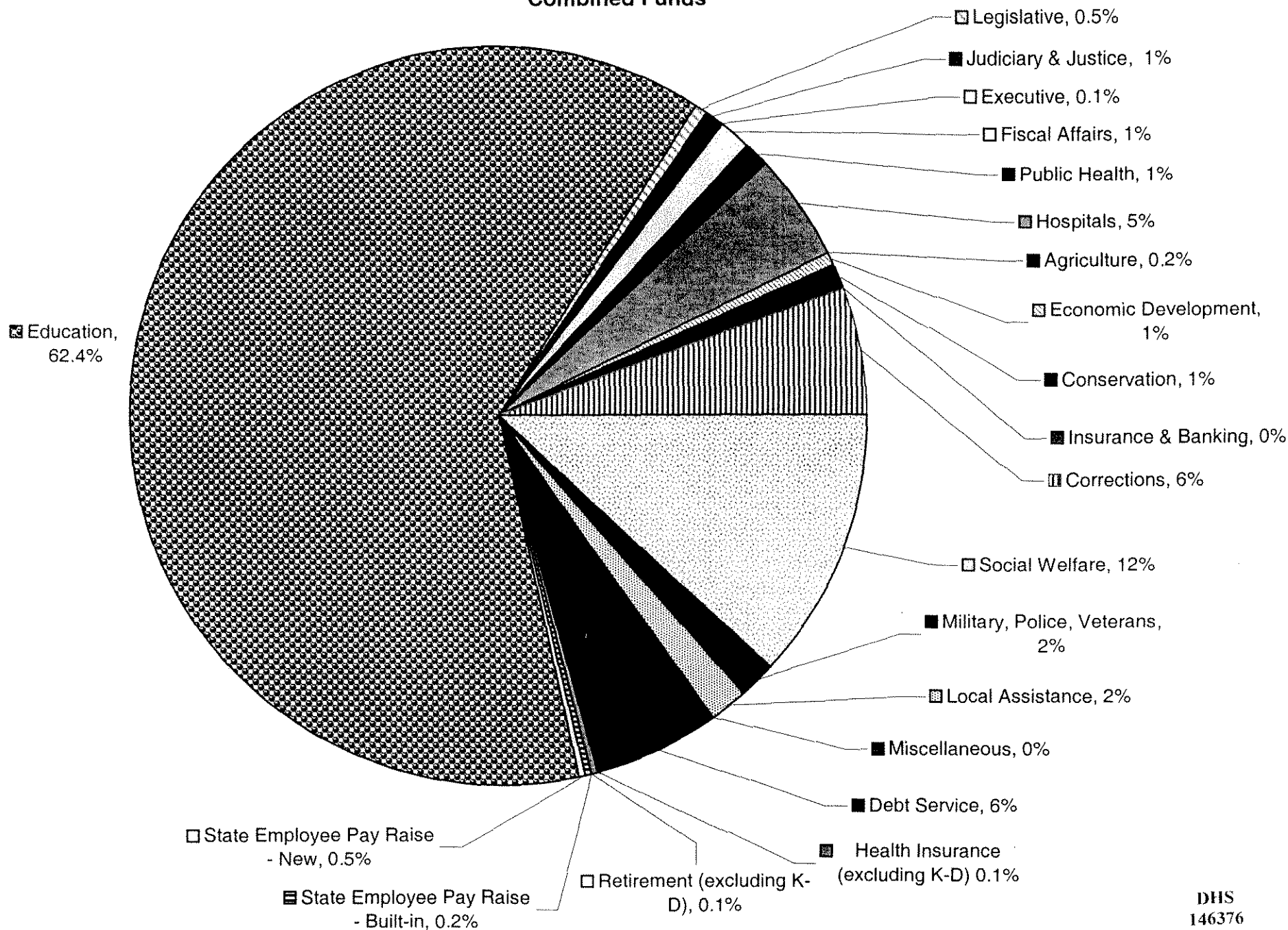
Sincerely,



Haley Barbour

FY 2008 Executive Budget Recommendation

Combined Funds



STATEMENT I
GENERAL FUND - CALCULATED FUNDS AVAILABLE FOR FY 2008 APPROPRIATIONS

General Fund Cash Balance as of July 1, 2006 (net of aid to municipalities)	\$35,131,586
Projected Revenue for FY 2007	\$4,671,900,000
Less: Transfer to Budget Contingency Fund	(\$37,240,000)
Less: Transfer to Hurricane Disaster Reserve Fund	(\$268,000,000)
Total Funds Available for FY 2007	\$4,401,791,586
Less: Total Budget for FY 2007	
Total General Fund Appropriations	(\$4,084,330,254)
Reappropriations	(\$3,309,900)
Additional - DFA (2006 1st EOLS) for Sillers Building AG space	(\$2,500,000)
Projected Agency Deficits:	
DFA Building Insurance	(\$12,000,000)
AG - DHS FCS Lawsuit	(\$119,162)
Supreme Court	(\$2,070,896)
Projected Agency Additional - From & After Passage	
Health Dept - School Nurses	(\$1,275,000)
Total Projected Budget	(\$4,105,605,212)
Anticipated Lapse (reduction in GF debt service by remainder bond proceeds)	\$3,719,987
Total Estimated FY 2007 Ending Cash Balance	\$299,906,361
Less: Transfer to Working Cash Stabilization Fund (50%)	(\$149,953,181)
Estimated FY 08 Beginning Balance	\$149,953,180
Projected Revenue for FY 2008	\$4,921,800,000
Less: 2% Holdback	(\$101,435,064)
Total Funds Available for FY 2008 (not inclusive of holdback)	\$4,970,318,116
Less: Executive Budget Recommendation for FY 2008	(\$4,898,110,202)
Less: Transfer to Health Care Trust Fund	(\$38,000,000)
Less: Repayment of Special Fund Transfers	(\$30,000,000)
Estimated General Fund Cash Balance as of June 30, 2008	\$4,207,914

FISCAL YEAR 2008 EXECUTIVE BUDGET RECOMMENDATION

Category/Budget	FY 07 TOTAL GF, HC, BCF, EEF plus GTC bonds (DS)	FY 08 GF, HC, BCF, EEF REQUESTED	FY 08 EXECUTIVE BUDGET RECOMMENDATION GF, HC, BCF, EEF	FY 08 EXECUTIVE BUDGET SUPPLEMENTAL RECOMMENDATION	FY 08 EXECUTIVE BUDGET COMBINED FUNDS RECOMMENDATION	% DIFF 08 vs 07	\$ DIFF 08 vs 07
Legislative	25,438,697	25,390,923	25,390,923	0	25,390,923	-0.2%	(47,774)
Judiciary & Justice							
Attorney General's Office	8,238,465	9,810,012	8,352,166	0	8,352,166	1.4%	113,701
Attorney General - Judgments & Settlements	0	0	0	0	0	0.0%	0
District Attorneys & Staff	16,072,740	16,227,234	16,227,234	0	16,227,234	1.0%	154,494
Judicial Performance Commission	362,354	370,000	370,000	0	370,000	2.1%	7,646
Supreme Court Services	5,398,942	7,021,293	5,563,076	0	5,563,076	3.0%	164,134
Administrative Office of Courts	1,096,995	1,532,880	1,153,645	0	1,153,645	5.2%	56,650
Court of Appeals	4,207,180	5,764,048	4,436,296	0	4,436,296	5.4%	229,116
Trial Judges	17,329,210	21,974,252	17,949,252	0	17,949,252	3.6%	620,042
Capital Defense Counsel	0	0	0	0	0	0.0%	0
Capital Post-Conviction Defense	0	0	0	0	0	0.0%	0
Total Judiciary & Justice	52,705,886	62,699,719	54,051,669	0	54,051,669	2.6%	1,345,783
Executive & Administrative							
Ethics Commission	572,049	603,818	600,049	0	600,049	4.9%	28,000
Governor's Mansion	712,925	712,925	712,925	0	712,925	0.0%	0
Governor's Office	2,221,316	2,221,316	2,221,316	0	2,221,316	0.0%	0
Total Executive & Administrative	3,506,290	3,538,059	3,534,290	0	3,534,290	0.8%	28,000
Fiscal Affairs							
Audit, Department of	6,036,065	8,121,076	6,604,471	0	6,604,471	9.4%	568,406
Finance & Administration	12,000,279	12,722,627	12,553,682	0	12,553,682	4.6%	553,403
DFA - State Building Insurance	0	12,000,000	0	0	0	0.0%	0
DFA - Local Disaster Emergency Grant & Loan Fund	0	0	0	0	0	0.0%	0
Gaming Commission	4,287,091	3,787,091	3,787,091	0	3,787,091	-11.7%	(500,000)
Tax Commission	45,204,002	53,154,541	45,704,002	0	45,704,002	1.1%	500,000
License Tag Commission	1,860,000	5,714,500	5,714,500	0	5,714,500	207.2%	3,854,500
Treasurer's Office, State	613,673	575,000	575,000	0	575,000	-6.3%	(38,673)
Treasurer's Office - Health Care Trust Fund	99,208	20,632	20,632	0	20,632	-79.2%	(78,576)
Total Fiscal Affairs	70,100,318	96,095,467	74,959,378	0	74,959,378	6.9%	4,859,060

Category/Budget	FY 07 TOTAL GF, HC, BCF, EEF plus GTC bonds (DS)	FY 08 GF, HC, BCF, EEF REQUESTED	EXECUTIVE BUDGET RECOMMENDATION GF, HC, BCF, EEF	EXECUTIVE BUDGET SUPPLEMENTAL RECOMMENDATION	EXECUTIVE BUDGET COMBINED FUNDS RECOMMENDATION	% DIFF 08 vs 07	\$ DIFF 08 vs 07
Public Education							
Education, State Department of	52,433,091	72,958,052	63,680,926	0	63,680,926	21.5%	11,247,835
National Board Certification	24,897,048	27,870,860	27,870,860	0	27,870,860	11.9%	2,973,812
Educable Child	11,065,000	14,065,000	14,065,000	0	14,065,000	27.1%	3,000,000
SDE - General Education	720,432	720,432	720,432	0	720,432	0.0%	0
SDE - Buildings & Buses, Utilities, Debt Service	16,000,000	16,000,000	16,000,000	0	16,000,000	0.0%	0
SDE - Supplies & Instructional Materials	6,194,875	27,401,634	13,194,875	0	13,194,875	113.0%	7,000,000
SDE - School Millage Reduction	46,000,000	46,000,000	46,000,000	0	46,000,000	0.0%	0
SDE - Tech Prep Bond Debt Service	3,212,725	3,200,662	3,200,662	0	3,200,662	-0.4%	(12,063)
MS Adequate Education Program (Excludes \$10M PSBF OSF)	2,008,866,287	2,280,279,450	2,134,287,773	0	2,134,287,773	6.2%	125,421,486
Vocational and Technical	77,975,752	81,272,342	79,175,752	0	79,175,752	1.5%	1,200,000
High School Redesign - 21st Century Workforce	0	24,000,000	5,000,000	0	5,000,000	0.0%	5,000,000
Chickasaw Interest	11,076,826	13,880,990	13,880,990	0	13,880,990	25.3%	2,804,164
Schools for the Blind & Deaf	11,782,696	12,379,945	12,387,696	0	12,387,696	5.1%	605,000
Subtotal K-12 Public Education	2,270,224,732	2,620,029,367	2,429,464,966	0	2,429,464,966	7.0%	159,240,234
Educational Television Authority	7,354,140	9,208,067	7,354,140	0	7,354,140	0.0%	0
Library Commission	12,340,580	14,262,968	12,540,580	0	12,540,580	1.6%	200,000
Total Public Education	2,289,919,452	2,643,500,402	2,449,359,686	0	2,449,359,686	7.0%	159,440,234
Higher Education							
IHL General Support - Consolidated	349,791,620	494,392,685	382,138,450	0	382,138,450	9.2%	32,346,830
Ayers Settlement (Excludes \$1 Mil OSF)	26,950,000	36,653,000	25,700,000	0	25,700,000	-4.6%	(1,250,000)
Subsidiary Programs - Consolidated	16,958,876	18,341,469	18,465,439	0	18,465,439	8.9%	1,506,563
Student Financial Aid	29,849,207	31,955,794	30,350,794	0	30,350,794	1.7%	501,587
Executive Office	6,741,675	7,413,810	7,340,580	0	7,340,580	8.9%	598,905
University Medical Center	182,590,966	268,015,726	197,976,268	0	197,976,268	8.4%	15,385,302
University Medical Center - Cancer Institute	0	0	0	5,000,000	5,000,000	100.0%	5,000,000
University Medical Center - Trauma Care	0	0	5,000,000	0	5,000,000	100.0%	5,000,000
IHL Health Insurance - Consolidated	0	0	3,635,793	0	3,635,793	100.0%	3,635,793
IHL Retirement - Consolidated	0	0	4,851,669	0	4,851,669	100.0%	4,851,669
Community & Junior Colleges - Board	5,628,223	6,342,082	6,226,723	0	6,226,723	10.6%	598,500
Community & Junior Colleges - Support	192,059,734	336,406,934	212,461,234	0	212,461,234	10.6%	20,401,500
Community & Junior Colleges Health Insurance - Consolidated	0	0	914,836	0	914,836	100.0%	914,836
Community & Junior Colleges Retirement - Consolidated	0	0	1,426,467	0	1,426,467	100.0%	1,426,467
Total Higher Education (Excludes \$1 Mil Ayers OSF)	810,570,301	1,199,521,500	896,488,253	5,000,000	901,488,253	11.2%	90,917,952
Public Health							
Health Department	42,524,248	100,852,365	47,454,449	0	47,454,449	11.6%	4,930,201
Health Department - Smoking Cessation Advertising	0	0	0	4,900,000	4,900,000	100.0%	4,900,000
Health Department - School Nurses	0	0	0	5,100,000	5,100,000	100.0%	5,100,000
Total Public Health	42,524,248	100,852,365	47,454,449	10,000,000	57,454,449	35.1%	14,930,201
Hospitals & Hospital Schools							
Mental Health Department - Consolidated	235,268,933	311,224,545	236,068,933	0	236,068,933	0.3%	800,000
DMH Crisis Centers	14,680,821	16,601,602	16,601,602	0	16,601,602	13.1%	1,920,981
Total Hospital & Hospital Schools	249,949,554	327,826,147	252,670,535	0	252,670,535	1.1%	2,720,981

Category/Budget	FY 07 TOTAL GF, HC, BCF, EEF plus GTC bonds (DS)	FY 08 GF, HC, BCF, EEF REQUESTED	EXECUTIVE BUDGET RECOMMENDATION GF, HC, BCF, EEF	EXECUTIVE BUDGET SUPPLEMENTAL RECOMMENDATION	EXECUTIVE BUDGET COMBINED FUNDS RECOMMENDATION	% DIFF 08 vs 07	\$ DIFF 08 vs 07
Agriculture & Commerce							
Agriculture & Commerce, Dept. of	8,140,401	8,282,111	8,140,401	0	8,140,401	0.0%	0
Board of Animal Health	1,236,196	1,343,919	1,236,196	0	1,236,196	0.0%	0
Fair Commission - Livestock Shows	202,757	202,757	202,757	0	202,757	0.0%	0
Total Agriculture	9,579,354	9,828,787	9,579,354	0	9,579,354	0.0%	0
IHL Agricultural Units							
Alcorn Agricultural Programs	3,633,960	4,512,278	3,956,787	0	3,956,787	8.9%	322,827
MSU- Agriculture & Forestry	21,166,666	22,741,476	22,741,476	0	22,741,476	7.4%	1,574,790
MSU - Cooperative Extension	23,609,868	25,488,006	25,488,006	0	25,488,006	8.0%	1,878,138
MSU- Forest & Wildlife	5,051,121	5,434,075	5,434,075	0	5,434,075	7.6%	382,954
MSU - College of Veterinary Med	15,220,693	16,390,797	16,390,797	0	16,390,797	7.7%	1,170,104
IHL Ag Units Health Insurance - Consolidated	0	0	279,888	0	279,888	100.0%	279,888
IHL Ag Units Retirement - Consolidated	0	0	421,439	0	421,439	100.0%	421,439
Total IHL Agriculture	68,682,328	74,566,632	74,712,468	0	74,712,468	8.8%	6,030,140
Economic Development							
Mississippi Development Authority	23,020,189	26,029,759	27,020,189	0	27,020,189	17.4%	4,000,000
MS Technology Alliance	1,202,294	2,165,817	1,202,294	0	1,202,294	0.0%	0
Enterprise for Innovative Geospatial Solutions	931,027	938,138	931,027	0	931,027	0.0%	0
Total Economic Development	25,153,510	29,133,714	29,153,510	0	29,153,510	15.9%	4,000,000
Conservation							
Archives & History, Department of	9,091,539	10,030,787	9,774,873	0	9,774,873	7.5%	683,334
Environmental Quality, Dept. of	13,085,979	14,553,823	13,565,979	0	13,565,979	3.7%	480,000
MS Institute for Forestry Inventory	75,000	226,330	75,000	0	75,000	0.0%	0
Forestry Commission	18,123,330	19,352,287	18,123,330	0	18,123,330	0.0%	0
Grand Gulf Military Monument	238,764	253,455	247,972	0	247,972	3.9%	9,208
Marine Resources, Dept. of	1,848,711	2,127,599	2,088,711	0	2,088,711	13.0%	240,000
MS River Parkway Commission	23,688	25,800	25,800	0	25,800	8.9%	2,112
Pearl River Basin Development District	0	0	0	0	0	0.0%	0
Soil & Water Conservation	729,345	989,514	740,094	0	740,094	1.5%	10,749
Tennessee-Tombigbee Waterway	131,032	150,000	131,032	0	131,032	0.0%	0
Wildlife, Fisheries & Parks	9,574,596	13,795,096	9,718,214	0	9,718,214	1.5%	143,618
Total Conservation	52,921,984	61,504,691	54,491,005	0	54,491,005	3.0%	1,569,021
Insurance & Banking							
Bea Barnard Memorial Fund	10,800	10,800	10,800	0	10,800	0.0%	0
Total Insurance & Banking	10,800	10,800	10,800	0	10,800	0.0%	0

Category/Budget	FY 07 TOTAL GF, HC, BCF, EEF plus GTC bonds (DS)	FY 08 GF, HC, BCF, EEF REQUESTED	EXECUTIVE BUDGET RECOMMENDATION GF, HC, BCF, EEF	EXECUTIVE BUDGET SUPPLEMENTAL RECOMMENDATION	EXECUTIVE BUDGET COMBINED FUNDS RECOMMENDATION	% DIFF 08 vs 07	\$ DIFF 08 vs 07
Corrections							
Corrections, Department of	136,100,454	140,192,489	138,100,454	0	138,100,454	1.5%	2,000,000
Medical Services	39,766,299	44,341,084	44,366,299	0	44,366,299	11.6%	4,600,000
Parole Board	593,945	693,268	593,945	0	593,945	0.0%	0
Local Confinement	9,159,875	10,176,264	10,176,264	0	10,176,264	11.1%	1,016,589
Private Prisons	73,705,193	75,547,043	75,547,043	0	75,547,043	2.5%	1,841,850
Regional Facilities	29,996,956	33,225,136	33,225,136	0	33,225,136	10.8%	3,228,180
Total Corrections	289,322,522	304,175,284	302,009,141	0	302,009,141	4.4%	12,686,619
Social Welfare							
Governor's Office - Div. Of Medicaid	256,749,546	569,749,546	486,749,546	38,000,000	524,749,546	104.4%	268,000,000
Human Services, Department of	93,530,087	121,136,483	115,013,252	0	115,013,252	23.0%	21,483,185
Rehabilitation Services, Dept. of	5,732,150	8,232,150	8,232,150	0	8,232,150	43.6%	2,500,000
Vocational Rehabilitation	9,132,034	9,426,185	9,132,034	0	9,132,034	0.0%	0
Vocational Rehabilitation for the Blind	2,043,572	1,806,617	1,806,617	0	1,806,617	-11.6%	(236,955)
Spinal Cord and Head Injury	0	2,500,000	0	0	0	0.0%	0
Total Social Welfare	367,187,389	712,850,981	620,933,599	38,000,000	658,933,599	79.5%	291,746,210
Military, Police & Veterans' Affairs							
Emergency Management Agency	4,880,776	7,302,276	6,677,276	0	6,677,276	36.8%	1,796,500
Disaster Relief	269,773,510	1,975,409	1,773,510	0	1,773,510	-99.3%	(268,000,000)
Military Department	7,065,933	9,442,691	7,065,933	0	7,065,933	0.0%	0
Narcotics, Bureau of	11,716,990	13,352,173	11,716,990	5,000,000	16,716,990	42.7%	5,000,000
Public Safety, Department of	5,310,168	5,835,716	5,310,168	0	5,310,168	0.0%	0
Highway Safety Patrol	41,664,674	49,973,874	47,751,089	0	47,751,089	14.6%	6,086,415
Crime Lab	6,237,290	6,237,290	6,237,290	0	6,237,290	0.0%	0
Law Enforcement Officers Training Academy	570,007	627,007	570,007	0	570,007	0.0%	0
State Medical Examiner	164,417	164,417	164,417	0	164,417	0.0%	0
Public Safety Planning	452,239	452,239	452,239	0	452,239	0.0%	0
Homeland Security	190,655	1,000,000	190,655	0	190,655	0.0%	0
DPS PERS Adjustment (employee specific)	1,658	0	0	0	0	-100.0%	(1,658)
DPS Juvenile Facility Monitoring Unit	111,745	286,192	111,745	0	111,745	0.0%	0
Veterans Affairs Board	3,400,309	6,699,393	4,108,689	0	4,108,689	20.8%	708,380
Total Military, Police & Vets' Affairs	351,540,371	103,348,677	92,130,008	5,000,000	97,130,008	-72.4%	(254,410,363)
Local Assistance							
Homestead Exemption	83,300,000	84,000,000	84,000,000	0	84,000,000	0.8%	700,000
Total Local Assistance	83,300,000	84,000,000	84,000,000	0	84,000,000	0.8%	700,000
Miscellaneous							
Arts Commission	1,826,205	2,462,193	1,826,205	0	1,826,205	0.0%	0
Total Miscellaneous	1,826,205	2,462,193	1,826,205	0	1,826,205	0.0%	0

Category/Budget	FY 07 TOTAL GF, HC, BCF, EEF plus GTC bonds (DS)	FY 08 GF, HC, BCF, EEF REQUESTED	EXECUTIVE BUDGET RECOMMENDATION GF, HC, BCF, EEF	EXECUTIVE BUDGET SUPPLEMENTAL RECOMMENDATION	EXECUTIVE BUDGET COMBINED FUNDS RECOMMENDATION	% DIFF 08 vs 07	\$ DIFF 08 vs 07
Debt Service							
Bank Service Charges	950,000	1,000,000	1,000,000	0	1,000,000	5.3%	50,000
Bonds & Interest	314,597,871	335,335,357	284,597,871	30,000,000	314,597,871	0.0%	0
Total Debt Service	315,547,871	336,335,357	285,597,871	30,000,000	315,597,871	0.0%	50,000
Total General Fund Agencies	5,109,787,080	6,177,641,698	5,358,353,144	88,000,000	5,446,353,144	6.6%	336,566,064
Board of Veterinary Examiners	0	80,000	0	0	0	0.0%	0
Pearl River Basin Development District	0	300,000	0	0	0	0.0%	0
DFA - State Employee Health Insurance Premium *	0	17,716,708	3,089,766	0	3,089,766	100.0%	3,089,766
PERS - Retirement Increase *	0	0	2,820,816	0	2,820,816	100.0%	2,820,816
State Employee Pay Raise - Built In	0	0	13,299,188	0	13,299,188	100.0%	13,299,188
State Employee Pay Raise - New	0	0	25,195,224	0	25,195,224	100.0%	25,195,224
State Aid Road Construction - Local System Bridge Rehab	0	20,000,000	0	0	0	0.0%	0
TOTAL	5,109,787,080	6,215,738,406	5,402,758,138	88,000,000	5,490,758,138	7.5%	380,971,058

Some rows and columns may not add due to rounding

* State Employee Health Insurance Premium and Retirement increases funded at requested levels; health insurance and retirement for education are included in Public Ed and Higher Ed categories above.

	Available Funds		Other Fund Sources:
GF Balance Forward	149,953,181	38,000,000	Delay HCTF repayment
GF Revenues	4,921,800,000	30,000,000	Abolish SF repayment
HCEF Balance Forward	97,003	20,000,000	Partnership Transfer
Health Care Expendable	106,000,000	88,000,000	Total Supplemental Funds
EEF Balance Forward	17,287,296		
EEF Revenues	381,360,639		
Subtotal Available Funds	5,576,498,119		
Adjust for HCTF transfer	(38,000,000)		
Adjust for SF Repayment	(30,000,000)		
Adjust for 2% Holdback	(101,435,064)		
Total Available Funds	5,407,063,055		

State of Mississippi

Performance Measurement Information

Fiscal Year 2008

This supplemental information, required by the Mississippi Performance and Strategic Planning Act of 1994, is transmitted under separate cover.

Haley Barbour
Governor

